

Message Text

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ORIGIN NEA-10

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O 270102Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN IMMEDIATE

S E C R E T STATE 189472

STADIS/////////
FOR CHARGE FROM VELIOTES

E.O. 11652: GDS

TAGS: MASS, JO, US

SUBJECT: JORDAN'S FY 78 FMS FINANCING AGREEMENT

1. WE ARE IN PROCESS OF DRAWING UP LANGUAGE FOR JORDAN'S
FY 1978 FMS FINANCING AGREEMENT. WE PLAN TO DROP REQUIRE-
MENT FOR THIRD PARTY GUARANTOR BUT ARE CONSIDERING INCLUD-
ING CAVEAT THAT DRAWDOWNS WILL BE PERMITTED ONLY AFTER A
MUTUALLY AGREED UPON ARRANGEMENT HAS BEEN REACHED TO
ENSURE TIMELY REPAYMENT OF FMS LOAN (ARRANGEMENT COULD BE
ESCROW ACCOUNT OR OTHER SOLUTION GOJ AND U.S. AGREE IS
WORKABLE). MANY HERE BELIEVE JORDAN'S
FOREIGN EXCHANGE RESERVES ARE SUFFICIENT TO ALLOW
JORDAN, WITH GOOD MONEY MANAGEMENT, TO MAKE THESE REPAY-
MENTS FROM ITS OWN RESOURCES IN A TIMELY FASHION. WE

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WOULD LIKE EMBASSY'S ESTIMATE AS TO JORDAN'S CURRENT
ABILITY--OR WILLINGNESS--TO REPAY FY 78 FMS LOAN. DOES
EMBASSY'S PAST VIEW THAT JORDAN CAN'T PAY AND NEED FOR
THIRD PARTY GUARANTOR STILL HOLD? WOULD CAVEAT SUGGESTED
ABOVE BE SUFFICIENT SUBSTITUTE FOR THIRD PARTY GUARANTEE?
HOW STRONG IS GOJ IRRITATION OVER THESE US-IMPOSED
CAVEATS? (GEN. MAJALI AT JMC MADE IT QUITE CLEAR HE

WOULD LIKE US TO BEGIN TO TREAT JORDAN AS A SOVEREIGN
STATE FULLY RESPONSIBLE FOR THE OBLIGATIONS IT UNDERTAKES).

WOULD GOJ ACT ON ITS OWN RPT OWN TO COME UP WITH MEANS
ACCEPTABLE TO US TO REPAY THESE LOANS?

2. YOU SHOULD KNOW THAT AS LONG AS THE FY 78 FMS
AGREEMENT IS NOT SIGNED, JORDAN'S PROGRAM IS A PRIME
TARGET FOR REPROGRAMMING FUNDS TO FMS PROGRAMS FOR OTHER
COUNTRIES. (FYI: JULY 24 DEPARTMENT, WITH NEA CONCUR-
RENCE, DECIDED TO TAKE DOLS 4 MILLION FROM JORDAN'S FY 78
FMS TO A PROGRAM FOR KENYA TOTALLING DOLS 12 MILLION,
REMAINDER COMING FROM OTHER COUNTRIES' PROGRAMS. THIS IN
LIEU OF FUNDS THAT WERE EARLIER EARMARKED FOR SOMALIA.
END FYI). BECAUSE OF THE SIZE OF JORDAN'S FMS PROGRAMS,
ITS PAST PAYMENT PROBLEMS, AND FACT JORDAN HAS NOT COME
UP WITH RESOLUTION OF THESE PROBLEMS, THE OVERALL PROGRAM
MAY BE IN FOR SOME REAL CHALLENGES, PARTICULARLY WITHIN
CONGRESS.

3. FY 78 FMS AGREEMENT MUST BE SIGNED ASAP, BUT NLT
SEPT. 30, 1978, END OF CURRENT FISCAL YEAR. CHRISTOPHER

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